

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 290 - SB 604

March 2, 2013

SUMMARY OF BILL: Adds cooperation with the appropriate federal department in any reasonable manner as may be necessary to implement the Patient Protection and Affordable Care Act, P.L. 111-148 (the Act), as amended, to the extent required or permitted by law to the duties of the Bureau of TennCare.

ESTIMATED FISCAL IMPACT:

**Increase Federal Expenditures - \$418,207,600/FY13-14
\$1,000,100,900/FY14-15**

Assumptions:

- Title II, § 2001(a)(1) of the Act (42 U.S.C. § 1396a(a)(10)(A)(i)(VIII)), requires expansion of Medicaid coverage eligibility to adult individuals under the age 65, who are not pregnant or disabled, with income that does not exceed 133 percent of the federal poverty level (138% with the mandatory 5 percent income disregard). Under the Act, if a state chose not to expand coverage, then the state would not be compliant with 42 U.S.C. § 1396a and could lose Medicaid funding pursuant to 42 U.S.C. § 1396c.
- The United States Supreme Court held that the mandatory expansion of the population groups eligible for Medicaid coverage is unconstitutional in *National Federation of Independent Business v. Sebelius*. If a state chooses not to expand the state's Medicaid coverage to the newly eligible expansion population group, then the state will not jeopardize Medicaid funding for coverage of individuals eligible under federal law prior to enactment of the Act for that reason.
- The bill requires the Bureau of TennCare (the Bureau) to cooperate with the appropriate federal department in any reasonable manner as may be necessary to implement the Act, as amended, to the extent required or permitted by law. The bill will require the Bureau to expand coverage to the newly eligible expansion population group.
- Title II, § 2001(y) of the Act (42 U.S.C. § 1396d(y)), increases the Federal medical assistance percentage (FMAP) applied to spending by states that expand Medicaid coverage eligibility to the expansion population with respect to medical assistance provided to that population. In federal calendar quarters 2014, 2015, and 2016 the increased FMAP will be 100 percent.
- According to the Bureau of TennCare (the Bureau), if Medicaid coverage eligibility is expanded in Tennessee, then there will be approximately 144,500 newly eligible

TennCare enrollees in FY13-14 and approximately 161,900 newly eligible TennCare enrollees in FY14-15.

- According to the Bureau, the bill will result in increased federal expenditures of \$418,207,600 in FY13-14 and \$1,000,100,900 in FY14-15.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" and last name "Geise" clearly distinguishable.

Lucian D. Geise, Executive Director

/ehu